

# Direct and Niche Marketing – Is it here to stay?

Mary Hendrickson, Ph.D.  
Food Circles Networking Project

# What's happening with food?



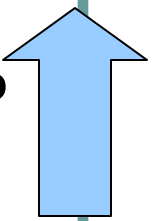
# Important Food Trends

	1994	2004
Number of farmers' markets	1,755	3,137
Number of certified organic farms	4,050	11,998
Number of cooking schools	338	930
Viewers of the Food Network (in millions)	7	79
Total sales of restaurant food (in billions)	\$281.5	\$440.1
Number of artisan cheeses in the American Cheese Society's Annual Competition	100+	700+

From Saveur Magazine, August 2004

# Organic Food & Beverage Trends 2004

- Organic and natural foods sales increased 9% in 2003 – now 6% of total food store sales
- Big interest in organic from the largest players in the food system because it is the only arena in food marketing that is expanding and not flat
- 66% of consumers use organic products at least occasionally – up from 55% in 2000
- Organics aren't just for rich people – increasing sales among lower socioeconomic groups



# Slow Food?

- There are over 130 Slow Food Convivium across the country – one of the fastest growing? Kansas City!
- Supports local farmers using sustainable practices; conserving seeds, breeds and foods that are part of our heritage; and focusing on food and society.

# Chef Trends

- Chef Collaborative members prefer to purchase direct from a farmer.
  - When given several alternatives from which to purchase products for their establishment, 57% of the respondents would prefer to purchase direct from a farmer by either receiving direct shipments from the farm or by picking up their products at the farm.
- Mainline produce distributors in Missouri are seeking out local farmers because chefs are demanding local, seasonal produce
- What chefs do now, everyone does in 5 years!

## Store Trends that Capitalize on Local Foods

- Whole Foods has successfully tapped the natural groceries market and is one of the most successful grocers in the business
- The leading grocery business in Kansas City, Ball's Foods, moved several million dollars of "Local" food through their stores last year

# Consumer Attitudes

- 71% willing to pay more for food grown locally
- 71% willing to pay more for food if meant it could be produced in ways that protected the environment
- 77% thought government policies should be oriented towards helping family, owner-operated farms
- 59% thought that family farms should be supported even if it meant higher food prices



# How deep are these trends?

- Researchers at Kansas University found an unmet demand of \$100 million for sustainably produced foods in the Kaw River Valley (Manhattan, KS to Kansas City, MO)
- Farm to School a burgeoning movement
- At this point, the demand probably outstrips supply. We do not have enough farmers to serve all the communities who want to establish farmers' markets.

# Why are these food trends happening?

- People are tired of “chaotic” shopping experiences at big box stores
- Stores that differentiate themselves do better
  - Raley’s, Wegman’s and Hy-Vee rated the best grocery stores by *Consumer Reports*
- Convenience is a big issue – but huge grocery stores are not necessarily convenient for consumers

# Consumer mot

- Taste
- Quality
- Local Economy



Where Does Your Food Come From?

Plant Your Dollars Close to Home  
& Watch Your Community Grow.



Buy Fresh. Buy Local.



# Attracting Consumers with Locally Grown – University of Nebraska-Lincoln

- Taste
  - 77% rated this extremely important
  - 21% rated this very important
- Quality
  - 62% rated this extremely important
  - 34 % rated this very important
- Supports the Local Farmer
  - 29 % rated this extremely important
  - 40 % rated this very important

# What can we do to help?

- Infrastructure continues to be the most pressing need:
  - Small-scale processing
  - Cost-effective distribution systems – models, thorough understanding of logistics
  - Storage, technology etc.
- Business models and information that fit enhance the way pioneered by these farmers without destroying the integrity of their vision